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GOVERNOR



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DEPARTMENT OF HUMAN SERVICES  
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P. O. Box 339  
Honolulu, Hawaii 96809-0339

August 23, 2000

Ms. Christina Moylan  
Department of Health and Human Services  
Health Care Financing Administration  
Center for Medicaid and State Operations  
Family and Children's Health Programs Group  
Mail Stop S2-01-16  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850

Dear Ms. Moylan:

**RE: STATE PLAN AMENDMENT TN NO. 00-003**

We are writing to respond to your letter of August 4, 2000 requesting additional information for your evaluation of our proposed amendments to our Title XXI State Plan.

The information and clarification that you requested are addressed in the enclosure.

We are transmitting this document electronically as well as in hard copy format to both CMSO and Region IX. We believe we have addressed your concerns and request that the ninety-day clock be restarted.

Again, your review team has been helpful in providing technical assistance and assisting us to formulate our responses. Please extend our appreciation to them for their continuing support and assistance.

AN EQUAL OPPORTUNITY AGENCY

Ms. Christina Moylan  
August **23,2000**  
Page **2**

If there are any questions or discussion is needed, please contact Ms. Pearl Tsuji of our Med-QUEST Division, Policy and Program Development Office at (808) 692-8080.

Sincerely,

Susan M. Chandler  
Director

Enclosure

c: Ms. Maria Boulmetis  
Ms. Sue Castleberry  
Ms. Mary Rydell

*Additional Information Request for Hawaii's Title XXI Amendment*

The following are the information and clarification that you requested through the *August 4, 2000* letter as well as our respective response to each of those concerns.

**Section 2.3**

1. *Section 2102(b)(3)(B) requires that children found through screening to be eligible for medical assistance under the State Medicaid plan under title XIX are enrolled for such assistance under such plan. We continue to ask detailed questions on this topic because the process by which you identify and enroll children in the appropriate program is an important issue for us and we need to have a clear understanding of your process in order to approve your amendment. If the anticipated implementation date for your system modifications should be delayed by unforeseen circumstances, we want to be assured that you have an adequate system in place to enroll children in the appropriate program. Please clarify how you will assure that title XIX-eligible children are not enrolled in title XXI prior to the completion of your HAWI system modifications.*

Response: The State provides assurances that we have an adequate system in place to enroll children in the appropriate programs. In May 2000 staff was issued the Title XXI Medicaid expansion program requirements and procedures and corresponding interim HAWI system procedures. The detailed interim HAWI procedures directed eligibility determination staff to utilize a manual determination form developed specifically for the interim period for child applicants. In addition, staff received training on the application of the program requirements and both procedures. The interim HAWI procedures will continue to apply until system modifications are completed.

The State also provides assurances that a child will not be enrolled in both Title XIX and Title XXI. Duplicate enrollment will not occur given that the same Title XIX HAWI eligibility determination system is used to determine Title XXI Medicaid expansion eligibility.

All medical assistance applications, regardless if it is for Title XIX or Title XXI, are registered in the same manner. Briefly, the registration process begins with a prior contact check on the applicant child – first using the child’s client identifier number or social security number, if either is known. Then if a match is not found, a broad search is initiated using the individual’s partial surname. As stated in our July 31, 2000 letter, as soon as the individual is registered in HAWI, the individual is assigned a unique client identifier number which remains with the individual even during periods of non-participation. This long established registration process continues to prevent duplicate enrollments from occurring.

**Section 8**

2. *The federal Medicaid rules described in regulations at 42 CFR 447.50-59 apply to States that implement Medicaid expansion programs. Your letter states that families who have already paid a July premium will have their refund credited to the parents' future premiums. However, to receive enhanced federal match for children that have paid the premiums, these funds must be refunded, not credited, to the families. Please clarify the process for refunding premiums to families. If the State wishes to implement a process that includes crediting premiums, families must be given the option to either receive a refund **or** to have their account credited to apply to the parent's premiums due in the future.*

Response: The July 2000 ad hoc report which identified uninsured children in QUEST-Net with countable family income not exceeding two hundred per cent of the federal poverty level, will be cross-matched with the Finance Office's premium-share report. Premium-shares that were paid for Title XXI-eligible children will be refunded to the affected families by September 30, 2000.

3. *Will the State no longer be collecting premiums from SCHIP-eligible families beginning August 1?*

Response: Yes, beginning August 1, 2000 the State will no longer collect premiums from S-CHIP-eligible children. As the previous HAWI ad hoc report was generated in June, another report was generated in August. The report identified a small number of children in QUEST-Net who were not captured on the initial report due to timing. These children are being processed in the same manner as described in our letter dated July 31, 2000. The same process for refunding July 2000 premiums will be applied to August 2000 refunds.

**Section 9.3**

4. *Your July 31, 2000 letter indicates that the State "will explore the possibility" of using HEDIS proxy measures for children in fee-for-service systems. Please provide information on the measures that you will be using to assess quality for children in fee-for-service systems. If you will be using HEDIS, please clarify **how** these measures will be used to collect meaningful data given that you will be reporting all services without regard to continuing eligibility and/or breaks in eligibility. Please also clarify how the review of administrative data cited in addition to the HEDIS proxy measures will be used to assess quality of care for children in fee-for-service systems.*

Response: We are resubmitting our response that was provided in our July 31, 2000 letter.

The Title XXI fee-for-service (FFS) population represents a very small percentage of the Title XXI Medicaid expansion group, approximately three per cent. The State will use the same procedure to monitor quality of care for this population as those used for children in the Title XIX FFS system.

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The activities the State has been performing for the Title XIX FFS population are as follows: 1) producing and evaluating the annual HCFA-416, Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Reports; 2) reviewing a report of births covered by the Medicaid fee-for-service program to ensure access to prenatal and delivery services; 3) reviewing inpatient medical records of recipients whose hospitalizations exceed outlier amounts (\$62,000.00); 4) reviewing of Preadmission Screening, Resident Review (PASRR) for adults and children in long term care facilities; 5) supervising and reviewing the activities of Hawaii Medicaid's Peer Review Organization (PRO) related to inpatient hospital care, ambulatory surgical center care, and long term care level of care; 6) reviewing the stays of recipients (adults and children) in long term care facilities; and 7) reviewing and investigating reports from the Surveillance Utilization Review Surveys (*SURS*) pertaining to access to care, quality of care being provided, and potential fraud and abuse.

**Section 9.10**

5. *Section 2107(d) requires that a State plan include a description of the budget that include details on the planned use of funds and the sources of the non-Federal share of plan expenditures. Given that you will now be enrolling former QUEST-Net eligibles and uninsured children below 200% FPL in your SCHIP program, please revise the three-year budget provided in your response to questions dated May 5, 2000.*

Response: We are resubmitting the three-year budget, which includes the former QUEST-Net eligibles. Please refer to Attachments A, B, and C. Please note that the budgets are created in Microsoft Excel and the explanations for the various cells are provided as comments. In order to read these comments, you must print the worksheets.

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Year 1 (07/00-09/00): Projected Year 1 Service Budget For Children Under Age 19 With Family Income  
≤200% FPL

FFY 2000 (Year 1): Projected Service Budget for Children < 1 Year Old With Family Income Between 186% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	<1	186% - 200%	8	\$508	\$1,524	\$12,192
Fee-For-Service	<1	186% - 200%	0	\$2,457	\$7,371	\$0
TOTAL			8			\$12,192

State Share (34.29%) \$4,181  
Federal Share (65.71%) \$8,011

FFY 2000: Projected Service Budget for Children Ages 1 - 6 Years Old With Family Income Between 134% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	1 - 6	134% - 200%	824	\$91	\$273	\$224,952
Fee-For-Service	1 - 6	134% - 200%	8	\$2,223	\$6,669	\$53,352
TOTAL			832			\$278,304

State Share (34.29%) \$95,430  
Federal Share (65.71%) \$182,874

FFY 2000: Projected Service Budget for Children Ages 7 - 14 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	7 - 14	101% - 200%	1,932	\$76	\$228	\$440,496
Fee-For-Service	7 - 14	101% - 200%	30	\$479	\$1,437	\$43,110
TOTAL			1,962			\$483,606

State Share (34.29%) \$165,828  
Federal Share (65.71%) \$317,778

FFY 2000: Projected Service Budget for Children Ages 15 - 18 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	15 - 18	101% - 200%	771	\$79	\$237	\$182,727
Fee-For-Service	15 - 18	101% - 200%	16	\$432	\$1,296	\$20,736
TOTAL			787			\$203,463

State Share (34.29%) \$69,767  
Federal Share (65.71%) \$133,696

Year 2 (10/00-09/01): Projected Year 2 Service Budget For Children Under Age 19 With Family Income  
≤200% FPL

FFY 2001 (Year 2): Projected Service Budget for Children < 1 Year Old With Family Income Between 186% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
ManagedCare	<1	186% - 200%	8	\$521	\$6,252	\$50,016
Fee-For-Service	<1	186% - 200%	0	\$2,514	\$30,168	\$0
TOTAL			8			\$50,016

FFY 2001: Projected Service Budget for Children Ages 1 - 6 Years Old With Family Income Between 134% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	1 - 6	134% - 200%	1,046	\$94	\$1,128	\$1,179,888
Fee-For-Service	1 - 6	134% - 200%	15	\$2,274	\$27,288	\$409,320
TOTAL			1,061			\$1,589,208

State Share (32.30%) \$513,314  
Federal Share (67.70%) \$1,075,894

FFY 2001: Projected Service Budget for Children Ages 7 - 14 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	7 - 14	101% - 200%	2,898	\$78	\$936	\$2,712,528
Fee-For-Service	7 - 14	101% - 200%	60	\$490	\$5,880	\$352,800
TOTAL			2,958			\$3,065,328

FFY 2001: Projected Service Budget for Children Ages 15 - 18 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	15 - 18	101% - 200%	1,216	\$81	\$972	\$1,181,952
Fee-For-Service	15 - 18	101% - 200%	30	\$442	\$5,304	\$159,120
TOTAL			1,246			\$1,341,072

State Share (32.30%) \$433,166  
Federal Share (67.70%) \$907,906

Year 3 (10/01-09/02): Projected Year 3 Service Budget For Children Under Age 19 With Family Income  
≤200% FPL

FFY 2002 (Year 3): Projected Service Budget for Children < 1 Year Old With Family Income Between 186% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	<1	186%-200%	8	\$533	\$6,396	\$51,168
Fee-For-Service	<1	186%-200%	0	\$2,572	\$30,864	\$0
TOTAL			8			\$51,168

FFY 2002: Projected Service Budget for Children Ages 1 - 6 Years Old With Family Income Between 134% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	1 - 6	134% - 200%	1,046	\$96	\$1,152	\$1,204,992
Fee-For-Service	1 - 6	134% - 200%	15	\$2,326	\$27,912	\$418,680
TOTAL			1,061			\$1,623,672

State Share (32.30%) \$524,446  
Federal Share (67.70%) \$1,099,226

FFY 2002: Projected Service Budget for Children Ages 7 - 14 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
Managed Care	7 - 14	101% - 200%	2,8981	\$80	\$960	\$2,782,0801
Fee-For-Service	7 - 14	101% - 200%	60	\$501	\$6,012	\$360,720
TOTAL			2,958			\$3,142,800

FFY 2002: Projected Service Budget for Children Ages 15 - 18 Years Old With Family Income Between 101% and 200% FPL						
TITLE XXI ELIGIBLE	AGES	INCOME	PROJECTED NUMBER	AVERAGE COST/MONTH	ANNUAL COST/CHILD	TOTAL (State + Federal)
ManagedCare	15-18	101% - 200%	1,2161	\$83	\$9961	\$1,211,136
Fee-For-Service	15 - 18	101% - 200%	30	\$452	\$5,424	\$162,720
TOTAL			1,246			\$1,373,856



Year 1 (07/00-09/00): Projected Year 1 Budget For Children Under Age 19 With Family income  
≤200% FPL

FFY 2000 (YEAR 1): JULY 2000 - SEPTEMBER 2000 PROJECTED SERVICE BUDGET FOR CHILDREN UNDER AGE 19					
AGE	INCOME LEVEL	PROJECTED NUMBER	TOTAL (State and Federal)	STATE (34.29%)	FEDERAL (65.71%)
<1	186% - 200%	8	\$12,192	\$4,181	\$8,011
1 - 6	134% - 200%	832	\$278,304	\$95,430	\$182,874
7 - 14	101% - 200%	1,962	\$483,606	\$165,828	\$317,778
15 - 18	101% - 200%	787	\$203,463	\$69,767	\$133,696
TOTAL		3,589	\$977,565	\$335,207	\$642,358

FFY 2000 (YEAR 1): JULY 2000 - SEPTEMBER 2000 PROJECTED ADMINISTRATIVE BUDGET			
	PROJECTED ADMINISTRATIVE EXPENDITURES	STATE (34.29%)	FEDERAL (65.71%)
	\$108,618	\$37,245	\$71,373

FFY 2000 (YEAR 1): JULY 2000 - SEPTEMBER 2000 TOTAL SERVICE AND ADMINSTRATIVE BUDGET					
	PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL EXPENDITURES JUL - SEP 2000	STATE (34.29%)	FEDERAL (65.71%)
	\$977,565	\$108,618	\$1,086,183	\$372,452	\$713,731

Year 2 (10/00-09/01): Projected Year 2 Budget For Children Under Age 19 With Family Income  
≤200% FPL

FFY 2001 (YEAR 2): OCTOBER 2000 - SEPTEMBER 2001 PROJECTED SERVICE BUDGET FOR CHILDREN UNDER AGE 19					
AGE	INCOME LEVEL	PROJECTED NUMBER	TOTAL (State and Federal)	STATE (32.30%)	FEDERAL (67.70%)
<1	186%-200%	8	\$50,016	\$16,155	\$33,861
1 - 6	134%-200%	1,061	\$1,589,208	\$513,314	\$1,075,894
7 - 14	101%- 200%	2,958	\$3,065,328	\$990,101	\$2,075,227
15 - 18	101%-200%	1,246	\$1,341,072	\$433,166	\$907,906
TOTAL		5,273	\$6,045,624	\$1,952,737	\$4,092,887

FFY 2001 (YEAR 2): OCTOBER 2000 - SEPTEMBER 2001 PROJECTED ADMINISTRATIVE BUDGET			
	PROJECTED ADMINISTRATIVE EXPENDITURES	STATE (32.30%)	FEDERAL (67.70%)
	\$494,756	\$159,806	\$334,950

FFY 2001 (YEAR 2): OCTOBER 2000 - SEPTEMBER 2001 SERVICE AND ADMINSTRATIVE BUDGET					TOTAL
	PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL EXPENDITURES JUL - SEP 2001	STATE (32.30%)	FEDERAL (67.70%)
	\$6,045,624	\$494,756	\$6,540,380	\$2,112,543	\$4,427,837

Year 3 (10/01-09/02): Projected Year 3 Budget For Children Under Age 19 With Family Income  
≤200% FPL

FFY 2002 (YEAR 3): OCTOBER 2001 - SEPTEMBER 2002 PROJECTED SERVICE BUDGET FOR CHILDREN UNDER AGE 19					
AGE	INCOME LEVEL	PROJECTED NUMBER	TOTAL (State and Federal)	STATE (32.30%)	FEDERAL (67.70%)
<1	186% - 200%	8	\$51,168	\$16,527	\$34,641
1 - 6	134%-200%	1,061	\$1,623,672	\$524,446	\$1,099,226
7 - 14	101%-200%	2,9581	\$3,142,800	\$1,015,124	\$2,127,676
15-18	101%-200%	1246	\$1,373,856	\$443,755	\$930,101
TOTAL		5,273	\$6,191,496	\$1,999,853	\$4,191,643

FFY 2002 (YEAR 3): OCTOBER 2001 - SEPTEMBER 2002 PROJECTED ADMINISTRATIVE BUDGET			
	PROJECTED ADMINISTRATIVE EXPENDITURES	STATE (32.30%)	FEDERAL (67.70%)
	\$363,630	\$117,452	\$246,178

FFY 2002 (YEAR 3): OCTOBER 2001 - SEPTEMBER 2002 SERVICE AND ADMINSTRATIVE BUDGET					TOTAL
	PROJECTED SERVICE BUDGET	PROJECTED ADMINISTRATIVE BUDGET	TOTAL EXPENDITURES JUL - SEP 2002	STATE (32.30%)	FEDERAL (67.70%)
	\$6,191,496	\$363,630	\$6,555,126	\$2,117,306	\$4,437,820

Grand Total - Service and Administrative Budgets For Year 1, 2, and 3

	Federal Fiscal Year First Year Costs	Federal Fiscal Year Second Year Costs	Federal Fiscal Year Third Year Costs
Benefit Costs			
Insurance payments			
Managed care			
per member/per month rate @ # of eligibles	\$860,367	\$5,124,384	\$5,249,376
Fee for Service	\$117,198	\$921,240	\$942,120
Total Benefit Costs	\$977,565	\$6,045,624	\$6,191,496
(Offsetting beneficiary cost sharing payments)			
Net Benefit Costs	\$977,565	\$6,045,624	\$6,191,496
Administration Costs			
Personnel	\$87,873	\$361,606	\$353,870
General administration			
Contractors/Brokers (e.g., enrollment contractors)	n/a	n/a	n/a
Claims Processing	\$0	\$0	\$0
Outreach/marketing costs	\$71,500	\$28,550	\$5,000
Other			
Special Statewide Title XXI Training	\$3,000	\$0	\$0
On-going Statewide Training	\$1,150	\$4,600	\$4,760
Information System Changes	\$300,000	\$100,000	\$0
Total Administration Costs	\$463,523	\$494,756	\$363,630
10% Administrative Cost Ceilina	\$108.618	\$671.736	\$687,944
Federal Share (multiplied by enh-FMAP rate)	\$713,731	\$4,427,837	\$4,437,820
State Share	\$372,452	\$2,112,543	\$2.1
TOTAL PROGRAM COSTS	\$1,086,183	\$6,540,380	126